



**Frederick County
Government
Frederick, Maryland**

News Release

Winchester Hall / 12 East Church Street
Frederick, Maryland 21701
CONTACT: Robin K. Santangelo
Public Information Officer
301-600-2590
rsantangelo@FrederickCountyMD.gov

FOR IMMEDIATE RELEASE:

June 2, 2011

COUNTY COMMISSIONERS APPROVE BALANCED BUDGET WITH NO TAX INCREASES

FREDERICK, MD – The Frederick Board of County Commissioners today by a vote of 4 - 1 approved the FY 2012 operating budget of approximately \$449 million that is balanced with no increases in general property taxes or the fire tax. They also approved the FY 2012 – 2017 Capital Improvement Program (CIP).

When the Budget Office presented the commissioners with a base budget on December 1, 2010, the county faced an \$11.8 million deficit and a \$31.9 million structural deficit, where operating revenues were less than expenditures. Improved revenue/expenses estimates and actions taken by the board over the past few months have eliminated the deficit and reduced the structural deficit by \$13.5 million in FY 2012.

Deficits for FY 2013 and FY 2014 have been significantly reduced as well, with FY 2014 showing an \$18 million deficit reduction and a \$17 million structural deficit reduction.

Board President Blaine Young said, “Today’s approval of the budget is the first step toward insuring financial stability for the citizens of Frederick County through a more streamlined and more efficient county government. Due to the economy, the board was faced with making tough decisions, but with the support of our County Manager and directors, we have achieved the task of eliminating an \$11.8 million deficit and balancing our books with no tax increases. Additionally, we did not utilize any special revenue or enterprise fund reserves to balance the general fund. However, our work is not done yet – we have a lot more to do to reduce our county’s structural deficit, where our recurring expenses are more than our recurring revenues.

“The commissioners once again express our appreciation to the elected Board of Education for helping us reduce the deficit and in improving the working relationship between our two boards. We look forward to continued good working relations with our partners at the Board of Education.”

Since the base budget, the significant adjustments to the budget are in the following areas:

- Board of Education agreement to contribute \$3.2 million toward reducing the county deficit;
- Improved state income tax estimates leading to a \$4.2 million revenue increase;

(more)

County Commissioners Approve Balanced Budget with No Tax Increases – Page Two

- Recalculation of Other Post-Employment Benefits (OPEB) trust funds for a savings of \$2.3 million;
- Reorganization of the Division of Fire & Rescue Services, resulting in a reduction in salary and benefits of up to \$670,000 (Fire/Rescue Special Taxing Districts);
- Reorganization and consolidation of the Planning, Permitting and Development Review, and Economic Development Divisions into a single Community Development Division, as well as the reorganization of the Interagency Information Technologies Division, saving over \$584,000 (Permitting & Development Review Fund and General Fund);
- Relinquishment of the Head Start grant to the federal government for a reduction of \$2.3 million;
- Reduction in the workforce of 38 positions for budget savings of \$2.4 million;
- Reductions to grant-in-aid and non-county organizations saved \$305,069, and
- Transfer of \$4.45 million to the Fire Tax Fund and \$500,942 to increase fuel reserves to allow for potential higher pump prices.
- Health care rebid/rate adjustment of \$2.1 million.
- State Department of Assessments and Taxation charge to the county at \$1.3 million.

The FY 2012 budget is \$11 million more than FY 2011 because the board addressed deficits in the fire tax, put funds back in bond enhancement and the CIP, and funded Other Post-Employment Benefits at the five-year level to save considerable taxpayer funds. The commissioners did not change recordation taxes. Operating expenses for county departments decreased by \$4.3 million or 3.5 percent, after excluding OPEB.

The entire county employee workforce reduction and the savings realized in the past few months includes 106 full-time employees in previously filled positions at \$4.8 million and 20 full-time employees in previously vacant positions at \$1.4 million. A total of 126 full-time positions were impacted for an estimated reduction in the budget deficit by \$6.2 million.

In summary, including these 126 positions, 15 positions that were downgraded and 34 vacant firefighter positions that were eliminated (without an impact to the service delivery model), the total budget impact of these 175 positions is \$8.4 million.

The commissioners have reduced the budgeted positions/workforce by seven percent since December 1.

The commissioners presented a recommended budget on March 8 and held a public hearing on April 5 at Catoctin High School in Thurmont, Md. The meetings are archived at www.FrederickCountyMD.gov/video.

Budget reports from [May 19](#) and [today's staff report](#) are available on the Frederick County Government website. The final budget document will be available in the near future.

For additional information, visit www.FrederickCountyMD.gov/budget or contact Budget Officer Kelly Weaver at 301-600-1185 or via e-mail at kweaver@FrederickCountyMD.gov.

###